

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 940 - HB 986

March 10, 2013

SUMMARY OF BILL: Authorizes, upon approval by two-thirds vote of the local legislative body or by public referendum held pursuant to Tenn. Code Ann. § 7-52-602(5), a municipal electric system to construct, lease, or otherwise operate fiber optic facilities to serve education, health care, and economic development projects located within its community improvement area, as defined by the bill.

ESTIMATED FISCAL IMPACT:

Increase Local Revenue – Exceeds \$100,000/Permissive

Increase Local Expenditures – Exceeds \$100,000/Permissive

Assumptions:

- According to the Department of Economic and Community Development (ECD), this bill will not fiscally impact the Department.
- Any vote required by the local legislative body can be accomplished at a regularly scheduled meeting and in the event a referendum is held pursuant to Tenn. Code Ann. § 7-52-602(5), it will be held in conjunction with a regularly scheduled meeting and will not result in an increase in local expenditures.
- Based on information received from a representative of the Tennessee Fiber Optic Community (TNFOC), installation rates are reasonably estimated at \$10,000 per mile to extend fiber optic facilities.
- Due to multiple unknown variables, including but not limited to, the number of municipal electrics that will be authorized to construct, lease, and operate fiber optic facilities, the precise cost for extending and maintaining such facilities, and the extent of revenue collected by municipal electrics as a result of rates charged for usage, a precise fiscal impact to local government cannot be determined. However, the permissive and recurring increases in local revenue and expenditures are each reasonably estimated to exceed \$100,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/jrh